

The Land Economist

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Legislative Update

By Andy Manahan, PLE

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New Super Ministry

On June 20, 2008, Premier McGuinty announced a mini-Cabinet shuffle as a result of the Hon. Gerry Phillips' intention to step down as Minister of Energy. A new Ministry of Energy and Infrastructure has been created and former Health Minister George Smitherman has taken responsibility for this powerful new portfolio. David Caplan, formerly in charge of the Ministry of Public Infrastructure Renewal, has become the new Minister of Health and Long-Term Care.

Both Ministers Smitherman and Caplan had held their respective posts at Health and PIR for nearly five years, quite a feat considering the usual ministerial turnover at Queen's Park. David Caplan, in fact, was the first minister of public infrastructure and was instrumental in transforming PIR from a "virtual ministry" (his phrase) to one that was able to convince his cabinet colleagues that long-term, predictable funding programs would be beneficial.

In the last four years, the ReNew Ontario program has invested about \$19 billion out of the \$30 billion allocated in this 5-year infrastructure program for hospitals, schools, transportation and a range of other projects. The latest generation of the ReNew program will be launched in 2009 and there are plans to invest \$60 billion over a 10 year period. Minister Caplan had just initiated discussions with stakeholders on the next generation program and it is expected that Minister Smitherman will extend similar outreach to gain valuable feed-

back on implementation of priority investments. These investments will be particularly important during these more uncertain times when strategic spending becomes even more critical as a way to maintain economic prosperity.

Minister Smitherman will have major challenges in increasing Ontario's nuclear generation capacity as well as pushing ahead on renewable energy and conservation efforts. Installation of smart meters in all Ontario households and small businesses is targeted for 2010. The goal is to also implement sub-metering in condominium buildings.

A number of key agencies fall under the Infrastructure umbrella, including Infrastructure Ontario, Ontario Realty Corporation and Waterfront Ontario. Responsibility for the LCBO has been shifted to the Ministry of Finance. In my opinion, it would be prudent for the provincial government to allocate lottery and gaming functions to another ministry so that Smitherman and his team can maintain focus on fundamental priorities and, at the same, minimize the possibility of time-consuming distractions.

Deputy Ministers appointed

To support the new Ministry of Energy and Infrastructure, Saad Rafi will be returning to the civil service as deputy minister. Most recently he had been in the management consulting field with a focus on public-private partnerships, but he has had previous Queen's Park experience as deputy minister of transportation as well as public safety; vice president at Ontario SuperBuild Corporation and assistant deputy minister at Hydro One.

Veteran Ontario public servant Peter Wallace will be elevated to the Finance portfolio from his position as Deputy Minister of Energy.

Supporting Minister Harinder Takhar at the renamed Ministry of Small Business and

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Catalyst in the blossoming of downtown Brampton

How a new cultural facility helped build revitalization momentum, aided by pent-up demand, wise planning, smart investment decisions, and high design values.

Economic Outlook 4

Dr. Peter Andersen on What's happening in the global economy, particularly US markets, and how it will all impact Canada.

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Legislative Beat cont'd ...

Consumer Services will be Deputy Minister Angela Longo. Ron McKerlie, who had been Acting Deputy, becomes the new Deputy Minister of Government Services, Secretary to the Management Board of Cabinet and Associate Secretary of Cabinet.

A number of other senior staff changes will be implemented over the summer.

Metrolinx

Metrolinx has now targeted September for release of a draft regional transportation plan (RTP) and a companion investment strategy. These papers were scheduled for discussion by the Metrolinx Board of Directors at a meeting on July 25, 2008 (now cancelled). A range of funding options to pay for transportation projects are being assessed such as road pricing, parking pricing, dedicated gas taxes, sales taxes and debt financing. Assuming that both documents are approved in September, public consultation will take place in the fall.

Regional road pricing of about 10 cents/km on provincial and municipal highways in the GTA-Hamilton area, for example, would generate more than \$1 billion per year. By comparison, Highway 407 ETR has a maximum toll rate of 19.25 cents/km for cars and light trucks. While the province has so far been reluctant to embrace road pricing, the curse of congestion must be managed through funding streams that will generate sufficient revenues to build more public transit and critical road linkages such as HOV lanes.

Proposed Transit Regulation

In anticipation of the RTP and implementation of MoveOntario 2020, the province has committed to enable transit projects to have shortened environmental assessment processes of six months. In response to a spring consultation led by the Ministry of the Environment, a draft regulation has been released along with an interim guide "Ontario's Transit Project Assessment Process." Comments on these documents can be made through the Environmental Registry by August 9, 2008.

Mandatory sprinklers for new apartments

Changes to the Ontario Building Code will require sprinkler systems for all new multi-storey residential apartment buildings higher than three storeys. This will apply to all building permit applications submitted as of April 1, 2010.

2009 Rent Guideline is 1.8%

The province has announced that the CPI-based Rent Increase Guideline under the Residential Tenancies Act will be 1.8% for 2009.

The Rose Theatre of downtown



by Ariana Moscote Freire, MA and René Biberstein

local businesses in improving their façades and encouraging developers whose projects were deemed to enhance Brampton's heritage features. Projects in the downtown core were also exempted from Brampton's policy restricting residential unit growth to 5,500 annually.

Early plans

By the beginning of the 2000s, the critical mass of cultural and civic amenities created by these initiatives formed an attractive base to foster further development. The site between Queen and Main Streets which now houses the Rose Theatre was slated for a new commercial shopping and movie theatre complex called 'Market Square', that would be the cornerstone project for revitalizing downtown.

The first phase – an underground public parking lot and an adjacent condo tower – was completed by developer Inzola, but plans for the mall fell through. This development opportunity, together with the continued need for economic development downtown and local demand for a larger performing arts venue, led Brampton City Council to the Rose Theatre project.

Wise decisions

The Rose was to replace the Heritage Theatre as the City's main performing arts centre. City Council directed designers, led by Page + Steele Architects, to draw from the best traditions of theatre design. They created a building which referenced its historic surroundings with traditional mate-

Located in Brampton's historic downtown, the Rose Theatre demonstrates how a cultural facility can generate positive impacts in an underutilized centre, when pent-up demand, wise planning, smart investment decisions and high design values come together.

Background

Brampton's recent history has contrasted explosive suburban growth against central area decline. The success of the Brampton Mall, Shoppers' World and Bramalea City Centre, constructed in the 1960s and early 1970s, and the concomitant struggles of downtown businesses were emblematic of the trend. Revitalization of the historic downtown became an area of municipal concern as early as the 1980s.

Construction of Brampton's new City Hall within the historic core in 1990 was a key effort, but did not provide immediate results. Since then, ongoing efforts include the central bus terminal, the Heritage Complex, Gage Park improvements, heritage preservation and streetscaping.

At the same time, a number of incentives were instituted, such as assisting

Landlords may apply to the Landlord and Tenant Board for an Above Guideline Increase if their costs for municipal taxes or utilities have increased by more than the Guideline plus 50% (2.7%).

Provincial-Municipal Fiscal and Service Delivery Review

The long anticipated review will be released in August 2008. Premier McGuinty initially announced at the Association of Municipalities of Ontario conference in August 2006 that the review would be completed in

early 2008. AMO members have been anticipating that the province would upload functions that are more income-redistributive in nature (such as social housing) in order to deliver core services more predictably through the current property tax system.

Andy Manahan is executive director of the Residential and Civil Construction Alliance of Ontario, and AOLE's Legislative Chair.

e: Catalyst in the blossoming n Brampton

materials like sandstone and brick used on the exterior, and limestone, onyx and wood paneling on the interior.

Integrating the Rose Theatre into the life of the street was a key goal. By acquiring and demolishing an adjacent bank building, the City ensured that the Theatre became part of the downtown district rather than simply an isolated destination.

The front opens onto an urban plaza with a pedestrian walkway and fountain, northwest of the intersection at Main and Queen. Of a total \$55 million project investment, \$33 million went to the building and \$22 million to the urban plaza and public realm improvements.

Impacts

When the new Rose Theatre in historic downtown Brampton opened its doors in 2006 with a concert by jazz singer and pianist Diana Krall, some of its impacts were already beginning to be felt.

These include:

- **Investment in adjacent commercial buildings:** The mid-block position of the theatre and new 'Theatre Lane' created the potential for double commercial frontages for existing buildings on Main and Queen. The City's support for façade improvements (associated with the theatre) helped businesses improve their storefronts.
- **Increased construction in downtown core and Queen St. corridor:** The theatre has contributed to the downtown building boom, bringing new customers into the area and creating both jobs and profit. More than \$35 million in building permits were issued in the downtown area between 2004 and 2006. Overall construction values doubled in 2004, the year construction on the Theatre began, dipped in 2005 and 2006, returning in full force in 2007 to top \$2 billion.
- **More pedestrian traffic:** The theatre has brought more people downtown, especially around the time of shows. Restaurants, cafés, and other cultural

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Photos Courtesy The Rose Theatre, Brampton

Demolishing a former bank building allowed Brampton to create a public square in front of the Rose. Theatre Lane also gives some neighbouring businesses two street frontages. The outdoor Central Fountain Stage, above, just opened in June.

Brampton's Rose Theatre: Statistics at a Glance

Number of seats in Rose Theatre and its secondary hall	1020
Number of seats formerly in Heritage Theatre	550
Number of patrons projected for first year	55,000
Actual number of patrons in first year	137,000
Number of businesses (including finance, insurance, retail, real estate, restaurant and personal services) that opened in or relocated to downtown Brampton, fall 2006 to spring 2007	85
Number of people employed by those new businesses	325
Value of building permits issued downtown, 2004 - 2006	\$37.4 million
Value of real estate transactions downtown, 2004 - 2006	\$32.4 million
Approximate m ² of space in those transactions	28,000
Number of condominium, apartment or commercial buildings under construction	17
Estimated percentage of Rose theatre patrons who live in Brampton today	80%

Chart Courtesy Novita

venues like the art galleries have particularly benefited from these theatre patrons.

Some Lessons

1. Theatres and businesses need people nearby: The downtown condos built in Brampton, both before and after the addition of the Rose Theatre, provide many potential patrons. Other arts facilities and retail businesses provide value to the theatre and vice versa.

2. Street-orientation and integration is necessary: If a theatre is to work to enhance surrounding public spaces and retail districts, it has to be part of them. That includes unified streetscaping as well as pedestrian-friendliness.

3. Public leadership is necessary: Although the Rose Theatre receives substantial private sponsorships, it has always been driven by the City's belief in a strong arts scene within a revitalized downtown.

Conclusion

The decision to build the Rose Theatre was made for a number of reasons:

- because demand existed in Brampton for a larger theatre
- to promote downtown revitalization
- as a recognition that downtown *was already* being revitalized and is, as a result, a worthy site for a such a venue

As such it is difficult to attribute the current vibrancy of the downtown entirely to the project.

But while the theatre is not the sole cause of new investment, its presence and the amount of visitor traffic it generates every day has inarguably contributed to the attractiveness of the area for prospective and current residents, visitors and developers alike.

Ariana Moscote Freire is Head of Research for Novita, Toronto-based theatre consultants and cultural planners. René Biberstein, who was raised in Brampton and has a background in Journalism, is doing freelance research while studying urban and regional planning at Ryerson University. For more information, see www.novita.on.ca.

Can we avoid a recession in 2009?

The best piece of advice for home builders right now is to avoid risk, says Dr. Peter Andersen of Andersen Economic Research. "Don't extend yourself in risky projects," he says. "It looks like 2009 and 2010 could be hard years."

Andersen prepares a monthly Economic Update for the Canadian Home Builders' Association. In the July issue, he wrote that Canada is not immune from a global economy which appears to be facing more inflationary pressures, and from the increasing risk of a double-dip recession in the US.

Credit Crisis and Inflation

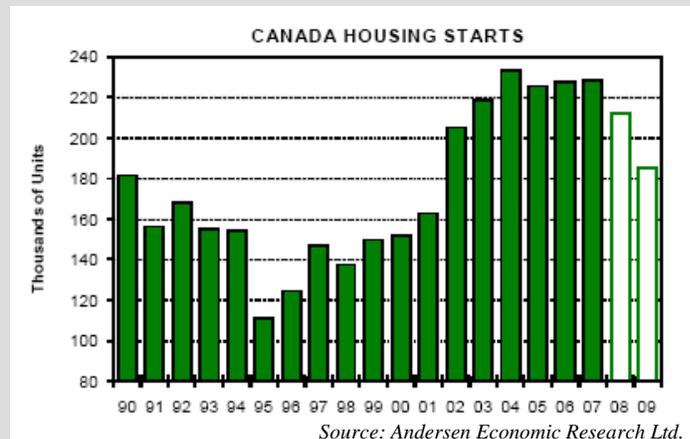
Prices of goods imported into the US "accelerated sharply to a 17.8% year over year inflation rate in May," he noted. While much of the increase is a result of oil prices,

"There are some who believe that we might not even be half way through the credit crisis," Andersen wrote. "The estimates of global write-offs keep rising and the erosion of bank capital could be compounded by credit losses if the U.S. slips into a double-dip recession in 2009."

Not easy to solve

This is not an easy problem to solve. And if the investors in the securitized debt instruments are not protected from further losses, "the credit shock will only get worse."

"In order to avoid a double-dip U.S. recession in 2009, there has to be more than a bail-out for the financial system," Andersen's Economic Outlook said. "U.S. house prices will have to stabilize and oil prices will have to retreat."



"With monetary policy now on the sidelines, banks tightening credit, mortgage rates rising, and U.S. employers now trimming payrolls, the outlook for U.S. house prices is not good."

Market forces should cause more oil reserves to be brought on to the

market. However, "recoverable reserves are now held to a large extent by national oil companies" – and they do not have the same incentive to expand production as private companies.

Demand-side response has been slow, but if recent evidence that Americans are cutting back on driving and energy consumption continues, speculative investments may stop influencing oil prices.

Impact on Canada's housing markets
While economic fundamentals are stronger here, there are ongoing worries about the economic outlook and continuing high dollar.

As a result, Andersen continues to predict "a healthy 212,000" Canadian housing starts in 2008. But he predicts starts will fall to 185,000 in 2009, and "a decline below 180,000 is possible" for 2010. RM